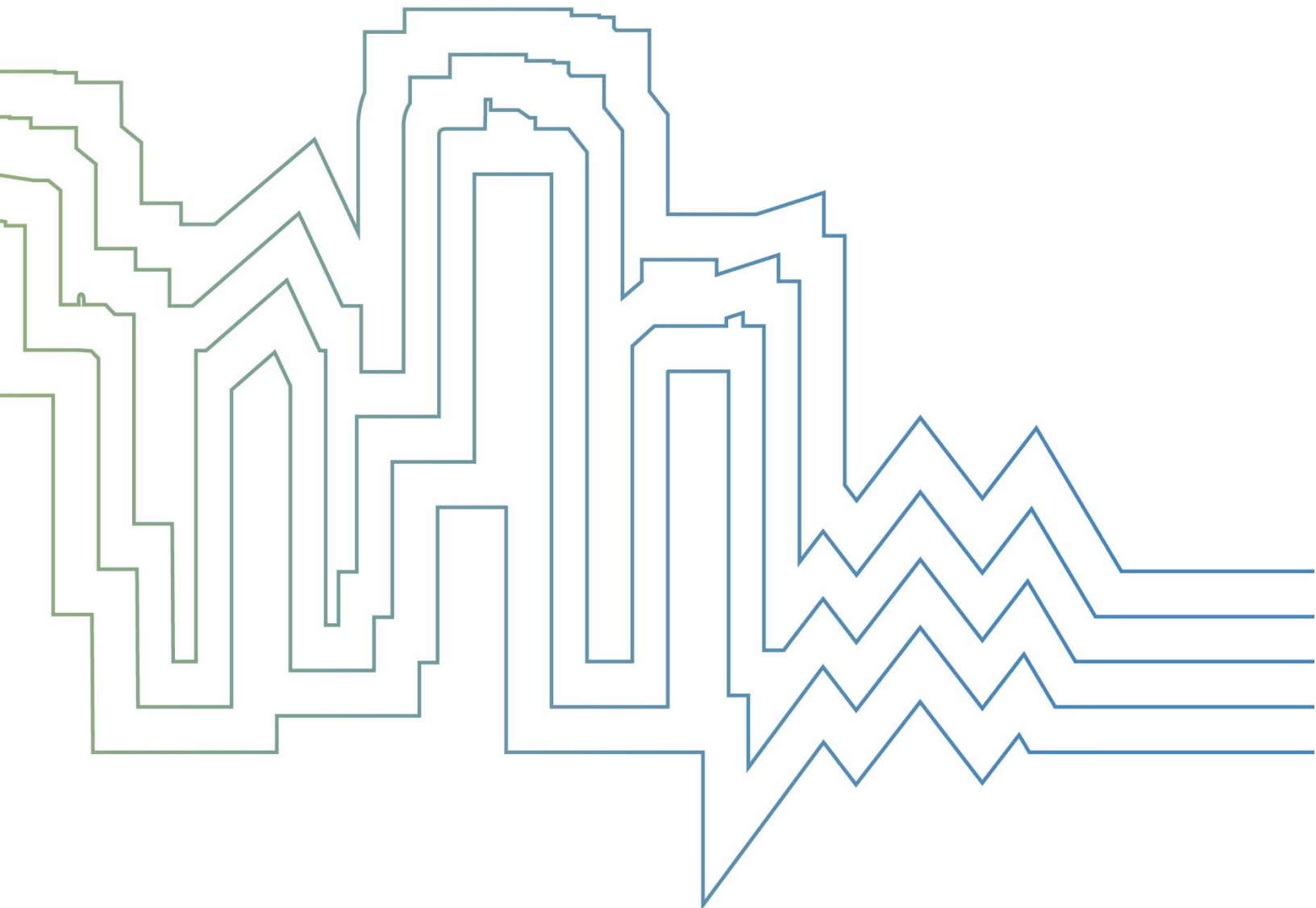


LIVING WAGE

EDMONTON 2019



A report to inform the work to end poverty
in a generation.

Published by:

Edmonton Social Planning Council, #200 -10544 106 ST,
Edmonton, Alberta T5H-2X6

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Design by Diva Communications Inc.

ISBN: 978-0-921417-74-3

Acknowledgments

Thank you to Susan Morrissey, Jenn Rossiter, and Justine
Basilan for their feedback and edits on this report.

This report is published by the Edmonton Social Planning
Council. Any errors, omissions, and opinions are strictly
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INTRODUCTION

Why a living wage?

A living wage is rooted in the belief that individuals and families should not just survive, but live in dignity, and participate in community. The living wage is defined as the hourly wage that a primary income earner must make to provide for themselves, their families, and reach basic financial security. It allows for a higher standard of living than what is included in the Market Basket Measure, which is based on subsistence living. The living wage includes participation in recreation, an extended health and dental plan, and a minor emergency contingency fund. However, it does not include items that would allow families to “get ahead”, such as putting away savings or paying down debt.

This is the fifth year that the Edmonton Social Planning Council has calculated Edmonton’s living wage. It is based on the Canadian Living Wage Framework (2015) created by the Canadian Centre for Policy Alternatives (CCPA). Living wages are calculated across Canada, with participating communities in Alberta; Calgary, Canmore, Grande Prairie, Medicine Hat, and Red Deer calculate a living wage with their community.

A living wage is not the same as the minimum wage. The minimum wage is the wage mandated by the provincial government that employers must pay all workers. Currently in Alberta, the minimum wage is \$15.00 per hour, and \$13.00 per hour for workers under the age of 18. The minimum wage is typically lower than the living wage (Government of Canada, 2017).



Although the living wage calculation is hypothetical, it is representative of the real situation faced by many families and individuals in Edmonton

CHANGES IN 2019

The living wage calculation is consistent year to year in order to track changes in expenses and benefit programs. The 2019 living wage has gone up \$0.03 due to slightly higher overall family expenses and lower income from government benefits.

Table 1. Edmonton living wage for a family of four

Year	Living Wage
2015	\$17.36
2016	\$16.69
2017	\$16.31
2018	\$16.48
2019	\$16.51

An increase from the 2018 living wage was expected, but is smaller than anticipated due to programs that decrease costs for families, and the indexing of government transfer programs — critical for helping working families stay afloat. Without these changes, the increase from 2018 to 2019 for Edmonton’s living wage would have been much higher.

2019 Living Wage
\$16.51
Edmonton

Unexpected decreases in major expenses that offset rising costs of living:

- Parents are paying less for child care on average due to the Early Learning and Child Care (ELCC) program. The \$25/day program introduced by the Government of Alberta has created a downwards pull on child care prices (Macdonald & Friendly, 2019).
- The City of Edmonton introduced a sliding scale for bus passes through the Ride Transit program (City of Edmonton, 2019). As of June 2019, those with incomes between 10% and 25% above the Low Income Cut-Off are eligible for a \$50 per month transit pass, and no longer have to pay the full \$97 per month.

Indexing and improvement of major government transfers:

- In 2019 the federal government improved an earned income tax credit, the Canada Worker’s Benefit (CWB) (previously called the Working Income Tax Benefit) (Government of Canada, 2019). Unlike the Alberta Family Employment Tax Credit, which is only available to low income working families with children, the CWB is available to all low income working Canadians regardless of family status. Under the enhancements, a low income person earning \$15,000 per year would see their benefit almost double to just over \$1,000 per year.
- When first introduced in 2016, the Canada Child Benefit maximum was \$6,400 per child per year for children aged 0 to 5 years, and \$5,400 per child per year aged 6 to 17 years (Government of Canada, 2018). With indexing starting on July 1, 2019, the respective benefit amounts increase to \$6,639 and \$5,602 per child per year.

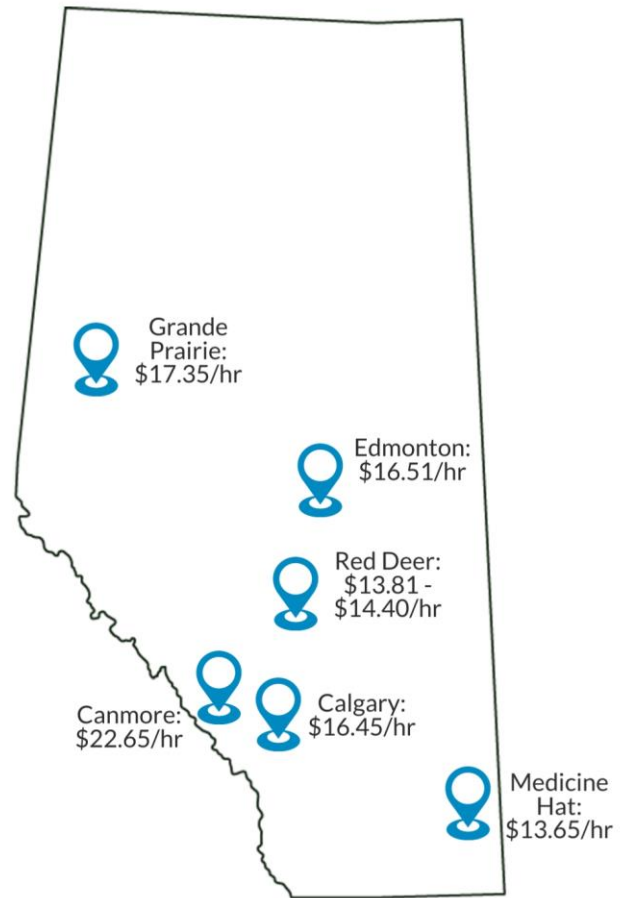
Advocacy

In October of 2018, the City of Edmonton adopted Policy C612: Living Wage for City of Edmonton Employees. This policy would see that all City employees, with the exception of volunteers and students seeking work experience credits, would receive a living wage. This is a direct implementation of actions set out by EndPovertyEdmonton’s “A Road Map to Guide Our Journey”.

At the provincial level, the Alberta Living Wage Network (“the Network”) was formally established in 2018 to build awareness, encourage the adoption of living wage policies, celebrate living wage employers, and create space for a dynamic and coordinated conversation. It is made up of organizations or municipalities interested in advancing a coordinated movement in Alberta around living wage.

Current work includes the development and implementation of an Alberta-based, community-specific living wage calculator that has standardized definitions and assumptions so that a calculation can be done for any municipality of Alberta. In 2020 the Network will hire a Coordinator to oversee the production of an annual provincial report highlighting Alberta’s diverse economic landscape.

In addition, the Network plans to develop and implements a provincial employer program as early as 2020. This program would acknowledge employers who are currently paying a living wage to their staff and encourage new employers to begin doing so as well.



The most recent living wages across Alberta are:

- Calgary: \$16.45/hour, calculated for 2018 (Vibrant Communities Calgary, 2019)
- Grande Prairie: \$17.35/hour, calculated in 2015 (Living Wage Canada, 2015)
- Medicine Hat: \$13.65/hour, calculated in 2017 (Thrive Medicine Hat, 2017)
- Red Deer and central Alberta: \$13.81-\$14.10/hour, calculated in 2016 (Central Alberta Poverty Reduction Alliance, 2016)
- Canmore: \$22.65/hour, calculated in 2017 (Town of Canmore, 2017)

METHODS

The calculation method is based largely off of the Working For a Living Wage 2019 Calculation Guide, but modified for families living in Edmonton, Alberta (CCPA, 2019).

In order to keep the calculation consistent year to year, a set of assumptions are made about the living wage family (see Table 2).

The Edmonton living wage differs from the CCPA method in the following ways:

- Television costs are included, as it is estimated that the majority of Canadian families still have a cable subscription (Oliveira, 2018).
- The cost to own and operate a second-hand car is taken as the average of the Survey of Household Spending (SHS; second quintile of income earners), and the Market Basket Measure (MBM) as the MBM does not take into account depreciation of the vehicle.
- Childcare costs do not include the provincial \$25/day subsidy, as there are 15,984 licensed spaces in Edmonton but only 1,874 ELCC spaces. The cost used here is in line with the median cost of child care in Edmonton (Macdonald & Friendly, 2019).
- Rather than including an “Other Household Expenses” category, the Edmonton living wage calculation bases this cost on the Survey of Household Spending data from Statistics Canada.

Table 2. Family characteristics and assumptions

Family Characteristics	Edmonton living wage assumption
Parents	
Number	2
Gender	1 male, 1 female
Age	Between 31 and 50
Number of parents in paid work	2
Hours of paid work for each parent	35 hours per week
Hourly wage	Equal for both - \$16.48/hour
Number of parents upgrading education	1
Number of courses	Two semesters, two courses per semester (3 credits each), over an 8 month period
Children	
Number	2
Gender and age	Girl aged 3 Boy aged 7
Childcare	Full-time care for 3 year old; out of school care for 7 year old; full-time summer care in July and August

The basic calculation is as follows:

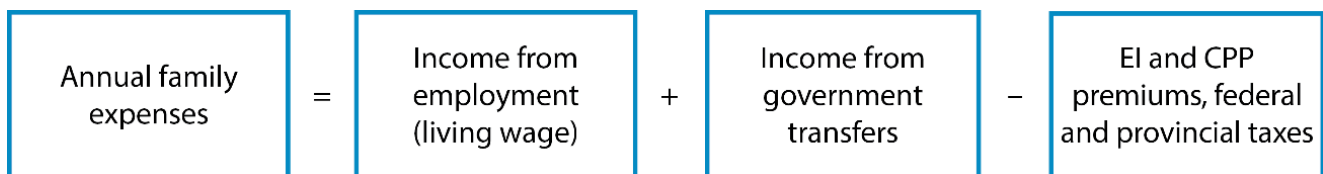


Table 3. Summary of expenses for living wage family

Item	Source	Monthly	Yearly	% of Total Expenses
Food	Nutritious Food Basket	\$ 948.39	\$ 11,380.72	15.4%
Clothing and footwear	MBM	\$ 143.92	\$ 1,727.00	2.3%
Extended health, drug, dental coverage	Alberta Blue Cross	\$ 352.06	\$ 4,224.72	5.7%
Contingency fund	Two weeks' pay	\$ 192.62	\$ 2,311.40	3.1%
Shelter				
Rent, 3 bedroom apartment	Canada Mortgage and Housing Corporation	\$ 1,379.00	\$ 16,548.00	22.4%
Utilities	SHS	\$ 252.81	\$ 3,033.77	4.1%
Monthly tenant's insurance	TD Insurance	\$ 36.58	\$ 438.96	0.6%
Telecommunications				
Cell phones (two, cheapest unlimited text & talk plan)	Telus	\$ 157.50	\$ 1,890.00	2.6%
Monthly Internet service	Shaw Cable	\$ 78.75	\$ 945.00	1.3%
Monthly TV (cheapest)	Shaw Cable	\$ 26.25	\$ 315.00	0.4%
Transportation				
Private vehicle (own and operate)	SHS, MBM	\$ 595.28	\$ 7,143.34	9.7%
Bus Pass	Ride Transit	\$ 50.00	\$ 600.00	0.8%
Other Household Expenses:				
Household furnishings and equipment	SHS	\$ 119.43	\$ 1,433.20	1.9%
Cleaning supplies	SHS	\$ 18.36	\$ 220.26	0.3%
Personal care products	SHS	\$ 67.35	\$ 808.21	1.1%
Recreation	SHS	\$ 109.16	\$ 1,309.89	1.8%
Reading	SHS	\$ 9.13	\$ 109.58	0.1%
Child school fees	SHS	\$ 13.66	\$ 163.86	0.2%
Banking fees	SHS	\$ 2.26	\$ 27.06	0.0%
Child Care				
Full time licensed group care	YMCA	\$ 870.00	\$ 10,440.00	14.2%
Out of school care, 10 months	YMCA	\$ 555.00	\$ 5,550.00	7.5%
Summer programs July and August	YMCA	\$ 347.50	\$ 695.00	0.9%
Parent Education				
Tuition	Norquest College	\$ 125.00	\$ 1,500.00	2.0%
Student fees	Norquest College	\$ 37.25	\$ 447.00	0.6%
Textbook allowances \$125 per course	Norquest College	\$ 41.67	\$ 500.00	0.7%
Total Expenses		\$ 6,146.83	\$ 73,761.97	100.00%

Table 4. Eligibility and amounts for government transfers

Transfer	Eligibility	Monthly	Annually
Canada Child Benefit (CCB)	Yes	\$ 841.59	\$ 10,099.08
Alberta Family Employment Tax Credit	Yes	\$ 115.22	\$ 1,382.62
GST Credit	Yes	\$ 35.51	\$ 426.12
Alberta Child Care Subsidy	Yes	\$ 690.00	\$ 8,280.00
Alberta Child Benefit	No	\$ -	\$ -
Working Income Tax Benefit	No	\$ -	\$ -
Total		\$ 1,682.32	\$ 20,187.82

Table 5. Calculated government deductions and taxes

Item	Parent 1	Parent 2	Total
Hours / Week	35	35	70
Wage	\$ 16.51	\$ 16.51	
Employment income	\$ 30,048.20	\$ 30,048.20	\$ 60,096.40
Adjustments (child care)	\$ (13,000.00)		
Net income	\$ 17,048.20	\$ 30,048.20	\$ 47,096.40
EI premiums	\$ 498.80	\$ 498.80	\$ 997.60
CPP premiums	\$ 1,353.96	\$ 1,353.96	\$ 2,707.92
Fed. income tax	\$ 507.97	\$ 1,887.67	\$ 2,395.63
Fed. refundable tax credits	\$ -	\$ -	\$ -
Prov. income tax	\$ -	\$ 406.72	\$ 406.72
After tax income	\$ 27,687.48	\$ 25,901.06	\$ 53,588.53
Monthly After Tax Inc.	\$ 2,307.29	\$ 2,158.42	\$ 4,465.71

Table 6. Final calculation for 2019 living wage

Item	Formula	Parent 1	Parent 2	Total
Employment income	Living wage *35 hours per week * 52 weeks	\$ 30,048.20	\$ 30,048.20	\$ 60,096.40
Taxes	Federal taxes + provincial taxes + CPP + EI	\$ 2,360.72	\$ 4,147.14	\$ 6,507.87
After-tax income	Employment Income - Taxes	\$ 27,687.48	\$ 25,901.06	\$ 53,588.53
Non-Wage income	Annual government transfers			\$ 20,187.82
Family expenses	See Table 3			\$ 73,761.97
Gap	Available Income - Family Expenses (Employment Income/52 weeks/35 hours)			\$ 14.38
Living wage		\$ 16.51	\$ 16.51	\$ 33.02

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